

Texas Emissions Reduction Plan (TERP)



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- TERP was created in 2001 by Texas Legislature
- Based on California Air Resource Board (CARB) Moyer Program
- Incentives for projects that reduce emissions of nitrogen oxides (NO_x) from internal combustion engines
- Incentives for development, testing, and certification of new technologies
- Energy efficiency standards for the state



TERP Programs

- Emissions Reduction Incentive Grants
 - Regular Grants
 - Small Business Grants
 - Rebate Grants
 - 3rd Party Grants
- Clean School Bus Program (new)
- New Technology Research and Development Program
- Energy Efficiency Programs



TERP and the Texas SIP

- A primary purpose of the TERP was to replace two mandatory strategies in the State Implementation Plan (SIP) that called for limits on the use of construction equipment in the morning hours and accelerated replacement of non-road equipment.
- TERP is included in the SIP as an Economic Incentive Program (EIP).
- TERP is a voluntary financial assistance program, but once a grant is accepted, contractual conditions apply to ensure that the grant-funded project meets requirements for credit in the SIP.



TERP Revenue

- \$150+ million per fiscal year
- TERP Funding Sources
 - Portion of Vehicle certificate of title fee
 - 2% surcharge for sale, lease, rental, storage, use and consumption of heavy-duty diesel (HDD) non-road equipment
 - 2.5% surcharge for sale, lease, or use of pre-1997 HDD vehicles over 14,000 lbs; 1% for 1997 and later HDDs
 - 10% registration fee surcharge for truck tractors and commercial motor vehicles
 - \$10 inspection fee surcharge for commercial motor vehicles



TERP Funding Allocation

- 87.5% to Emissions Reduction Incentive Grants
- 9.5% to New Technology Research and Development
- 1.5% for administration
- 1.5% to Energy Systems Laboratory



TERP and SIP EIP Criteria

- **TERP meets the criteria for a creditable strategy in the SIP.**
 - **Surplus.** TERP emission reductions may not be required by law or rule, or otherwise already credited to the SIP.
 - **Enforceable.** TERP grants are implemented through an enforceable contract.
 - **Quantifiable.** TERP guidelines establish the calculation methodologies. Baseline emission rates are based on the MOBILE6, and NONROAD models.
 - **Permanent.** TERP contractual requirements extend for 5+ years. Destruction of old equipment is required.



Grant Project Categories

- New Purchase or Lease
- Replacements
- Repowers
- Retrofits or Add-On Devices
- On-Vehicle Infrastructure
- On-Site Infrastructure
- Qualifying Fuel



TERP Criteria

- Must achieve a 25% reduction in NO_x
- Cost per ton limits
- Engines must be certified by EPA or CARB
- Retrofit devices must be verified by EPA or CARB
- 75% of annual usage of equipment must occur in eligible areas (nonattainment & near-nonattainment areas)



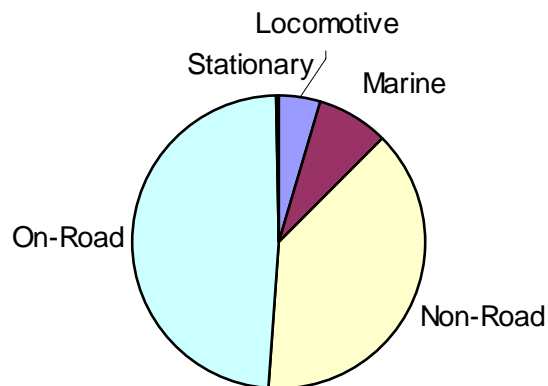
TERP Results

- Over 888 projects funded (from over 2,000 applications received and reviewed)
- \$336 million awarded
- 75,690 tons of projected NO_x emission reductions
- Approximately 35.75 tons/day of reductions
- \$4,400 average cost to reduce one ton of NO_x

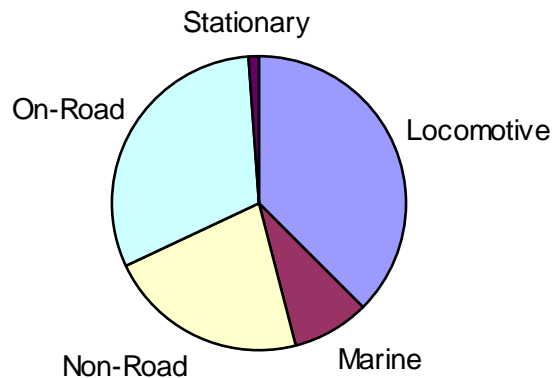


TERP Results by Source

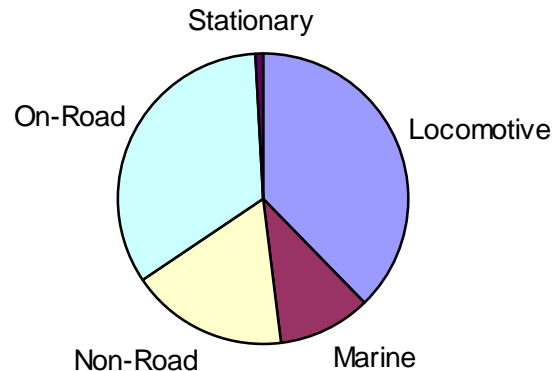
Number of Activities



Grant Amount



Total NO_x (tons)





Challenges

- Funding
- Administration
- Setting the appropriate cost/ton level
- Baseline emission rates
- New engine emissions certification
- Usage projections and location of use
- Project monitoring and verification



Contacts

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